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VALUATION OF RESIDENTIAL YARD IMPROVEMENTS

IN using the technique of the cost approach in the valuation of residential property, the appraiser may wish to include in his analysis estimated replacement costs for various yard improvements. Driveways, sidewalks, patios, fences, landscaping and similar items of construction can and do materially affect the total value of a residence.

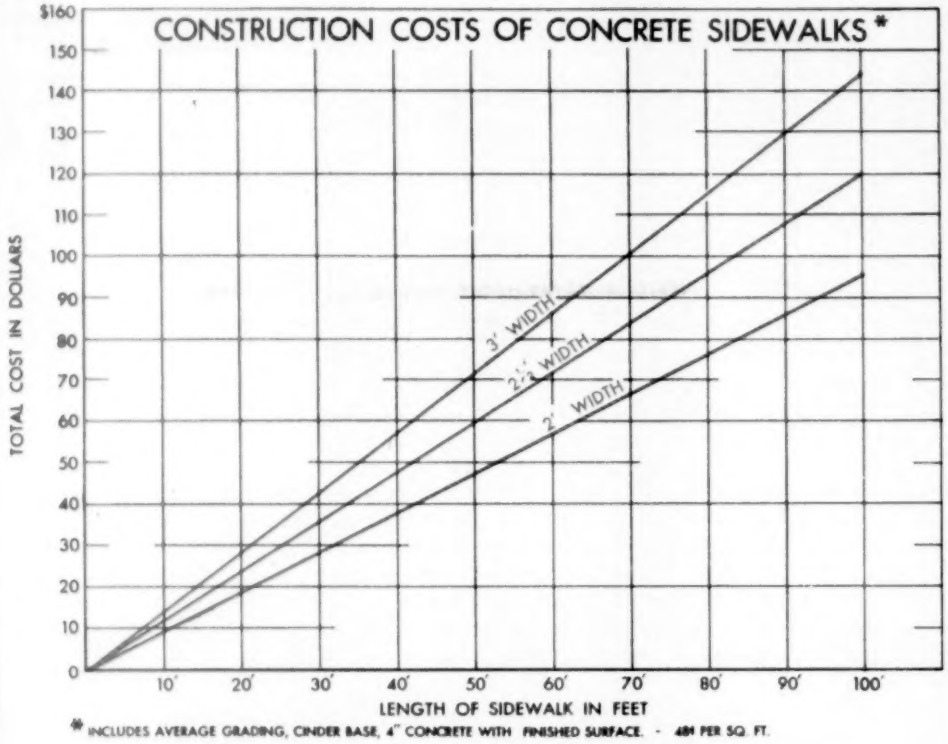
On the following two pages are graphs showing the estimated replacement costs of the two most frequently found yard improvements - sidewalks and driveways. The graphs are designed to aid the appraiser in his estimates of these costs. By pacing off the width and length of the improvement, he can then obtain an approximate total reproduction cost by reading the value on the left. Accompanying the graphs are listed a number of other familiar yard improvements and their estimated costs or cost ranges.

Because they are improvements to the land, there is an inclination among some appraisers to add the value of these yard improvements to the value of the land. It is our opinion, however, that in the cost approach these items should be added to other improvement costs (buildings) rather than become a part of land value. Consider, for example, the appraisals of two adjoining properties, one generously improved with a good sidewalk, driveway and landscaping, and the other with virtually no yard improvements. All other things being equal, the actual land value of these two properties would be the same. The difference in their total value would be reflected in the value of the improvements, in this instance, yard improvements, as an integral part of total improvement value.

Whenever construction is required on the land to bring it into usable condition, then those costs would be considered in the land valuation. If a drainage condition must be corrected, if large quantities of earth must be moved in (or out) to make a property usable for a residence, then the cost of such work when completed will be reflected in a higher land value.

With more detailed construction costs for yard improvements as contained in this bulletin, the appraiser can, if he wishes, produce an impressive report containing a complete list of features to be included in the total reproduction cost figure. In doing this, he is performing a creditable service to his client, demonstrating that he has given attention to even these relatively small improvements to the property.

(cont. on page 52)



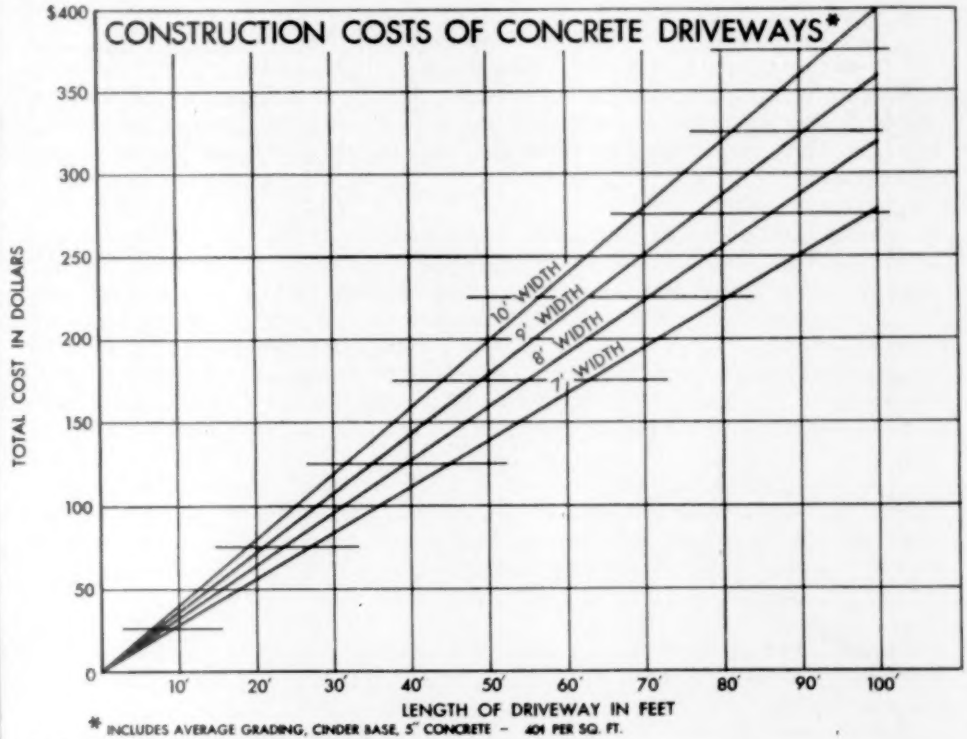
APPROXIMATE COSTS OF YARD IMPROVEMENTS

Sidewalks and Patios

4" concrete on cinders with finished surface - 45¢-50¢ per sq. ft. (see graph above)
Common or used brick on sand base - 60¢-80¢ per sq. ft.
Common or used brick on concrete - $1.20-$1.60 per sq. ft.
Flagstone on sand base - $1.00-$2.00 per sq. ft.
Flagstone on concrete base - $2.00-$3.00 per sq. ft.
(There is a wide range in costs for flagstone improvements, depending upon the quality and weight of the stones.)

Fences

Frame (cedar), 4' - $1.50-$2.00 per lin. ft.
#9 Chain link, 4' - $1.75-$2.25 per lin. ft.
6' - $2.50-$3.00 per lin. ft.
#6 Chain link, 4' - $2.00-$2.50 per lin. ft.
6' - $3.00-$3.50 per lin. ft.
Tight woven wire, 4' - 70¢-80¢ per lin. ft.
6' - $1.00-$1.25 per lin. ft.
(Costs for fences include an appropriate number of posts and gates.)



Driveways

5" concrete on cinders - 38¢-42¢ per sq. ft. (see graph above)
Reinforced concrete - 42¢-46¢ per sq. ft.
Asphalt paving on 4" rock base - 22¢-28¢ per sq. ft.
Rock base with chat cover - 14¢-18¢ per sq. ft.

Walls or Retaining Walls

Brick - $1.75-$2.00 per sq. ft. of wall area
Stone - $2.00-$2.50 per sq. ft. of wall area
Concrete with stone veneer - $3.50-$4.00 per sq. ft. of wall area
Concrete block - $1.40-$1.60 per sq. ft. of wall area

Miscellaneous Landscaping Costs

Sodding - 30¢-50¢ per sq. yd.
Raking, seeding, fertilizing - 7¢-10¢ per sq. yd.
New shrubs - average $2.50 each for medium size
Small trees - $8.00-$12.00 per tree

Note: All costs shown are assumed to include materials, labor and average workmanship. Many of the improvements listed here are constructed by "amateur builders" - the home owners. For this reason, if the quality of the improvement is below average, costs should be adjusted accordingly.

(cont. from page 49)

From this point on, however, due consideration should be given to the value added by this yard improvement. Just as the factors of physical depreciation and functional and economic obsolescence are considered in appraising the building improvements, so can they be taken into consideration in the valuation of yard improvements.

We all know of homes which are more readily salable than others because of attractive landscaping and yard arrangement. Undoubtedly, the market values of these properties include an aesthetic and/or a utilitarian value considerably above the actual construction costs of the yard improvements which make them more desirable. This will be true up to a certain point where overimprovement becomes evident. An architect can add value to a home far beyond the costs of his services. Similarly, a landscape architect, by proper site planning, can add value to the property far beyond the costs incurred by his recommendations.

A formal garden, a fancy barbecue pit, or a winding sidewalk in some instances will add a value to a property in excess of the costs of their actual construction. In his report, the appraiser may wish to point out these considerations and apply a functional or aesthetic factor to his yard improvement costs or his total improvement costs.

On the other hand, some land improvements may actually detract from the desirability of the property. Poor arrangement of garage and house may necessitate a driveway which cuts up the yard area with a large turning apron. Steep grades of driveways with high retaining walls could detract rather than add to value. Shrubbery may be haphazardly arranged; a poorly planned but costly storage corner in the yard may be unsightly; improper grading may smother attractive trees or pitch surface water towards the foundation. Any of these or similar yard "improvements" may lower the value of a property, and the appraiser may have to depreciate his construction costs 100%, or even further penalize against the total value because of aesthetic or functional considerations.

Also, any yard improvements which are personal property rather than part of the real property should not be included in the appraisal. Generally, personal properties are movable items, not affixed permanently to the real estate. The owner's intention of later removing a yard improvement should be considered. For instance, birdbaths, sundials, swings, benches and similar items cannot be included as real property, in most cases, in spite of the fact that they may add to the marketability of residences.

Generally speaking, when including yard improvements in the valuation of residential property, the appraiser has several principal factors he should consider; not only replacement costs, but also aesthetic considerations, physical deterioration, and functional or utilitarian considerations.